

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
(317) 232-9855

**FISCAL IMPACT STATEMENT**

**LS 8069**

**BILL NUMBER:** HB 1769

**DATE PREPARED:** Jan 20, 1999

**BILL AMENDED:**

**SUBJECT:** Housing preservation and substance removal.

**FISCAL ANALYST:** Susan Preble

**PHONE NUMBER:** 232-9867

**FUNDS AFFECTED:** ☒ **GENERAL**  
☒ **DEDICATED**  
**FEDERAL**

**IMPACT:** State

| STATE IMPACT            | FY 1999 | FY 2000     | FY 2001     |
|-------------------------|---------|-------------|-------------|
| State Revenues          |         |             |             |
| State Expenditures      |         | 1,000,000   | 1,000,000   |
| Net Increase (Decrease) |         | (1,000,000) | (1,000,000) |

**Summary of Legislation:** This bill provides that before the owner of a federally insured or assisted housing development sells the development, converts the development into condominiums, or takes certain other actions that would result in termination of federal assistance to the development, certain preferred purchasers must be given an opportunity to purchase the property and maintain the property as a federally assisted development. It provides that the preferred purchasers are the tenant association of the development, the Indiana Housing Finance Authority, the housing authority for the municipality in which the development is located, and the municipality in which the development is located.

It requires the Indiana Housing Finance Authority to implement the statutes preserving federally insured or assisted housing developments. It allows the Indiana Housing Finance Authority to provide financial assistance in the form of grants, loans, or a combination of grants and loans to individuals and developers for the abatement of asbestos, asbestos containing materials, and lead-based paint from residential dwelling units.

This bill also appropriates \$1,000,000 per year from the State General Fund for the biennium beginning July 1, 1999, to implement the provisions concerning providing financial assistance for abatement of asbestos, asbestos containing materials, and lead-based paint from residential dwelling units.

**Effective Date:** July 1, 1999.

**Explanation of State Expenditures:** The Indiana Housing Finance Authority (IHFA) estimates the need for two employees (equivalent to a SAM PAT IV level) to fulfill the requirements of the bill, including rules adoption and the publishing and updating of sources of assistance. Exact cost cannot be determined because IHFA operates outside the state personnel system. However, the annual cost to fund two SAM PAT IV positions, including a minimum and maximum salary range, fringe benefits, and indirect expenses is \$81,636 - \$119,598 in FY 2000 and FY 2001.

The funds and resources required above could be supplied through a variety of sources, including the following: (1) existing staff and resources not currently being used to capacity; (2) existing staff and resources currently being used in another program; (3) authorized, but vacant, staff positions, including those positions that would need to be reclassified; or (4) an appropriation from the General Assembly. Currently, three of the 45 IHFA positions are vacant (1 managerial, and 2 professional positions). Ultimately, the source of funds and resources required to satisfy the requirements of this bill will depend upon legislative and administrative actions.

The IHFA is classified as a body corporate and politic. It receives no state funding and operates entirely outside the state budget. Its operating expenses are covered by a variety of sources, including revenue from investments, bond administration fees, the First Home Program, and a tax credit program.

As a pass-through entity for the federal Housing and Urban Development, it receives \$10 M per year in federal funds to fund housing finance programs. Of the total, 5% is set aside for the administrative expenses of the federal housing program only.

Under this bill, the IHFA may also provide financial assistance in the form of grants, loans, or a combination of grants and loans to individuals and developers for the abatement of asbestos, asbestos containing materials, and lead-based paint from residential dwelling units. This bill appropriates \$1,000,000 each year of the biennium beginning July 1, 1999 for this purpose.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Indiana Housing Finance Authority

**Local Agencies Affected:** Local housing authorities

**Information Sources:** Doug Davidoff, Dir. of Marketing & Public Affairs, IHFA, (317) 232-7781; Laura Troop, Controller, IHFA, (317) 232-3562; Barbara Knott, Special Agency Contact, State Personnel Dept., (317) 233-3603.